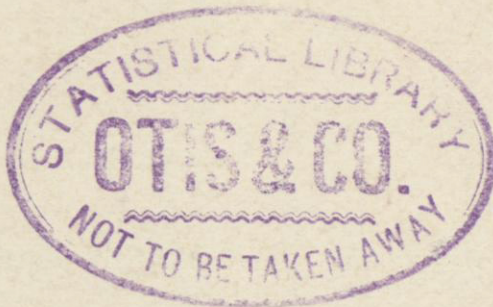


AMERICAN LOCOMOTIVE COMPANY



MRB
CORP. FILE

Report for the
Fiscal Year Ended
December 31, 1922

THIRTY-FIRST ANNUAL REPORT

OF THE

AMERICAN
LEGISLATIVE
COMPANY

PUBLISHED BY THE

TWENTY-FIRST ANNUAL REPORT

**AMERICAN
LOCOMOTIVE
COMPANY**

DECEMBER 31, 1922

General Offices of the Company

30 Church Street, New York

Transfer Agents and Dividend Disbursing Agents

Bankers Trust Company, 16 Wall Street, New York

Registrar of Stock

The Guaranty Trust Company of New York

140 Broadway

Location of Plants

Schenectady Works	Schenectady, New York
Brooks Works	Dunkirk, New York
Richmond Works	Richmond, Virginia
Pittsburgh Works	Pittsburgh, Pennsylvania
Cooke Works	Paterson, New Jersey
Montreal Works	Montreal, Canada
Chester Works— <i>Steel Castings</i>	Chester, Pennsylvania
Accessories Plant	Richmond, Virginia

AMERICAN LOCOMOTIVE COMPANY

Directors

LEIGH BEST	New York
LEWIS L. CLARKE	New York
JOSEPH DAVIS	New York
ANDREW FLETCHER	New York
JOHN W. GRIGGS	Paterson, New Jersey
CHARLES HAYDEN	New York
W. SPENCER ROBERTSON	New York
FREDERICK H. STEVENS	Cazenovia, New York
ALBERT H. WIGGIN	New York
WILLIAM H. WOODIN	New York

Executive Committee

ANDREW FLETCHER

ALBERT H. WIGGIN	WILLIAM H. WOODIN
CHARLES HAYDEN	LEWIS L. CLARKE

Officers

ANDREW FLETCHER	<i>President</i>
LEIGH BEST	<i>Vice-President</i>
JOSEPH DAVIS	<i>Vice-President and Comptroller</i>
JOSEPH B. ENNIS	<i>Vice-President, in charge of Engineering</i>
DUNCAN W. FRASER	<i>Vice-President, in charge of Manufacturing and Sales</i>
W. SPENCER ROBERTSON	<i>Secretary</i>
J. OAKLEY HOBBY, JR.	<i>Treasurer</i>
HARRY FULTON	<i>Assistant Comptroller</i>
JOHN D. FINN	<i>Assistant Secretary</i>
PHILIP F. WALKLEY	<i>Assistant Treasurer</i>

General Counsel

Simpson, Thacher & Bartlett
New York

MONTREAL LOCOMOTIVE WORKS, LIMITED

Dominion Express Building

Montreal, Canada

Directors

CHARLES C. BALLANTYNE	Montreal, Canada
LEIGH BEST	New York
LEWIS L. CLARKE	New York
JOSEPH DAVIS	New York
ANDREW FLETCHER	New York
DUNCAN W. FRASER	New York
CHARLES HAYDEN	New York
CHARLES M. MUCHNIC	New York
ALBERT H. WIGGIN	New York
WILLIAM H. WOODIN	New York

Executive Committee

ANDREW FLETCHER	CHARLES HAYDEN
ALBERT H. WIGGIN	LEWIS L. CLARKE
JOSEPH DAVIS	WILLIAM H. WOODIN

Officers

ANDREW FLETCHER	President
LEIGH BEST	Vice-President
JOSEPH DAVIS	Vice-President and Comptroller
JOSEPH B. ENNIS	Vice-President, in charge of Engineering
DUNCAN W. FRASER	Vice-President, in charge of Manufacturing and Domestic Sales
CHARLES M. MUCHNIC	Vice-President, in charge of Foreign Sales
W. SPENCER ROBERTSON	Secretary
J. OAKLEY HOBBY, JR.	Treasurer
HARRY FULTON	Assistant Comptroller
JOHN D. FINN	Assistant Secretary
PHILIP F. WALKLEY	Assistant Treasurer

AMERICAN LOCOMOTIVE SALES
CORPORATION

30 Church Street, New York

Directors

ANDREW FLETCHER	New York
CHARLES M. MUCHNIC	New York
LEIGH BEST	New York
JOSEPH DAVIS	New York
J. OAKLEY HOBBY, JR.	New York

Officers

ANDREW FLETCHER	<i>President</i>
CHARLES M. MUCHNIC	<i>Vice-President</i>
LEIGH BEST	<i>Vice-President</i>
JOSEPH DAVIS	<i>Vice-President and Comptroller</i>
W. SPENCER ROBERTSON	<i>Secretary</i>
J. OAKLEY HOBBY, JR.	<i>Treasurer</i>
ALEXANDER M. HAMILTON	<i>Assistant Vice-President</i>
HARRY FULTON	<i>Assistant Comptroller</i>
JOHN D. FINN	<i>Assistant Secretary</i>
PHILIP F. WALKLEY	<i>Assistant Treasurer</i>

Condensed Income Account

Of the American Locomotive Company, Montreal Locomotive Works, Limited, and American Locomotive Sales Corporation—Combined.

	12 months ended December 31, 1922
Gross earnings	\$29,122,112.20
Manufacturing, maintenance and administrative expenses	\$26,288,361.17
Depreciation	1,447,274.22
Interest on bonds of constituent companies, etc.	85,998.00
	27,821,633.39
Deduct for United States income and profits taxes	\$1,300,478.81
	200,000.00
Available profit	\$1,100,478.81
Dividends on preferred stock at 7 per cent	1,750,000.00
Dividends on common stock at 6 per cent	1,500,000.00
Deficit after dividends	\$2,149,521.19

To the Stockholders:

The Board of Directors submits the report of the business of the Company for the calendar year 1922. A summary of the financial results is shown on the opposite page.

The gross earnings were \$29,122,112.20, and after deducting from the gross earnings \$27,821,633.39 for the cost of manufacturing, maintenance, administrative expenses, interest on bonds of constituent companies and an allowance for depreciation of \$1,447,274.22 on plant properties, there remained a gross profit for the year of \$1,300,478.81, from which has been deducted an allowance of \$200,000 for estimated United States federal income taxes, the remaining balance of \$1,100,478.81 being the net available profit for the year.

The strong cash position of the Company, due to conservation of its net earnings during years of greater earnings, warranted the Directors in paying during the year the usual 7% dividend, amounting to \$1,750,000 on the preferred stock, and 6% in dividends, amounting to \$1,500,000 on the common stock, making a total amount of dividends paid during the year of \$3,250,000 of which \$2,149,521.19 was paid from previously accumulated profits.

While the first six months period of the calendar year showed a deficit of \$966,779.60 before dividends, the last six months period showed a net profit of \$2,067,258.41 before dividends, after allowing \$200,000 for estimated taxes. The net profit for the last six months period of the year was \$442,258.41 in excess of the required amount to pay the six months dividends of 3½% on the preferred and 3% on the common stocks of the Company.

The unfilled orders on the books of the Company January 1, 1922, amounted to \$3,344,300. On July 1st the business on hand was \$9,067,980 and on January 1, 1923, unfilled orders had amounted to \$49,349,140, an excess of \$46,004,840 over January 1, 1922. Domestic business was about 99 per cent. and Foreign business about 1 per cent. of the total amount of business on hand January 1, 1923.

The business received during the year, together with the \$3,344,300 on hand January 1, 1922, amounted to \$76,021,998. About 84 per cent. of the total amount of business was received during the last six months of the year. Foreign business accepted equalled but 2.3 per cent. of the total amount of business. A larger amount of foreign business could have been obtained in the first six months of the year

when the Company had a very small amount of domestic business on hand, but the conservative policy of the Company is to accept only business where the requested length of time of deferred credit payments and the securities offered for the protection of the payments are considered reasonable business risks.

The production at the plants was very materially affected the last six months of the year, due to the difficulty in obtaining materials promptly and also because of two sympathetic strikes which prevailed for about seven weeks, one strike at our Brooks Locomotive Works, Dunkirk, N. Y., the second largest in production capacity owned by the Company, and the other at our Cooke Locomotive Works, Paterson, N. J. Both of these strikes were caused by our declining to suspend work on the repairing and rebuilding of old locomotives sent to us by regular customers whose repair shops were affected in the early stages of the railroad shopmen's strike that went into effect July 1st. We operated both plants during the strikes under adverse conditions but our men finally returned to work. There were comparatively no labor troubles throughout the year at the Schenectady, N. Y., Richmond, Va., Chester, Pa., and Montreal, Quebec, plants of the Company.

During the calendar year there was expended for additions and betterments to the plants \$832,816.47, which has been charged to the reserves created for such purposes.

No construction work was done during the year on the proposed new plant in the St. Louis district. While general plans have been made, no definite construction will be started until the general business requirements of the Company warrant it.

As a part of the report will be found the Consolidated General Balance Sheet of the Company on December 31, 1922, and also for comparison the Balance Sheet of December 31, 1921.

The excess of current assets over current liabilities December 31, 1922, was \$39,692,245.30, after including in current liabilities a reserve of \$857,533.80 for United States and Canadian income and profits taxes. This reserve, we believe, is sufficient to provide for any differences in interpretation of the laws by the Internal Revenue Department. There has also been included in current liabilities a reserve of \$607,384.30 to provide for current shrinkage in value of notes listed as current assets.

The Company has no bills payable.

The Inventory Account on December 31, 1922, including materials, supplies, and stock locomotives and parts, amounted to \$6,363,868.34 in comparison with the same items December 31, 1921, of \$4,350,199.89. The contract work in process under heading of Inventories was \$8,974,004.87 on December 31, 1922, in comparison with \$401,701.00 on December 31, 1921. The materials and supplies have been valued at cost or market price whichever was lower.

In June Mr. Duncan W. Fraser, Vice-President in charge of Sales, was elected Vice-President in charge of Manufacturing and Sales, Mr. C. K. Lassiter, Vice-President in charge of Manufacturing, having resigned.

An agreement was executed in the latter part of December, 1922, between our Company and the General Electric Company, for close co-operation in the design and manufacture of electric locomotives for use on steam or electric railways, this Company to manufacture what is considered the construction work, running gear, etc., and the General Electric Co. to manufacture the electrical work. In entering into an agreement at this time the two companies were influenced by the increased interest and business in railway electrification, both in the United States and other countries, which has recently manifested itself, indicating a larger volume of work of this character in the future to meet certain conditions of railway service, and it is our belief that the close co-operation of the technical and manufacturing facilities of the two companies will result in improvements in design and economies in the manufacture of electric locomotives that will enable them to render efficient and satisfactory service where electric locomotives are required. The agreement that has been executed does not include any financial ownership between the two companies.

The extensive buying by the Domestic Railroads during the last six months of the fiscal year has continued to this date and the prospects are that the Company will have good business throughout its fiscal year ending December 31, 1923.

The certificate for the fiscal year of Messrs. Price, Waterhouse and Company, Accountants, forms part of this report.

For the Directors,

ANDREW FLETCHER,

President

February 8, 1923.

Consolidated General Balance Sheet

Of the American Locomotive Company, Montreal Locomotive Works, Limited,
and American Locomotive Sales Corporation—Combined

	Dec. 31, 1922	Dec. 31, 1921
ASSETS		
Cost of property (less depreciation reserves)	\$38,971,969.83	\$40,230,484.25
Sundry investments	1,064,069.49	927,629.94
Current assets—		
Cash on hand and in banks	\$1,804,105.64	\$3,416,203.82
United States Treasury Certificates	7,312,108.22	6,806,250.00
United Kingdom 5½% convertible gold notes		980,000.00
United States Victory Liberty Loan 4¾% gold notes		4,730,862.48
New York City 6% corporate stock notes		3,063,407.75
New York City 6% tax notes		1,131,534.34
Canadian Victory Loan 5½% bonds		1,834,375.00
Province of Ontario 6% Treasury notes		215,134.38
Kingdom of Belgium Five-year 6% gold notes		4,286,774.65
Railroad Equipment Trust notes	1,675,213.90	
Total cash and marketable securities	\$15,078,202.41	\$26,464,542.42
Accounts receivable	9,304,680.90	3,648,632.48
Bills receivable	7,424,163.11	9,001,205.11
Accrued interest	413,771.77	549,640.62
Inventories—		
Materials and supplies	\$6,060,868.80	\$3,966,411.30
Contract work in process	8,974,004.87	401,701.00
Locomotives and parts in stock	302,999.54	383,788.59
Total Inventories	\$15,337,873.21	\$4,751,900.89
Total Current assets	\$47,558,691.40	\$44,415,921.52
Sundry deferred charges	175,787.41	56,372.09
	<u>\$87,770,518.13</u>	<u>\$85,630,407.80</u>

Consolidated General Balance Sheet—Continued

LIABILITIES		Dec. 31, 1922	Dec. 31, 1921
Capital stock—			
Preferred		\$25,000,000.00	\$25,000,000.00
Common		25,000,000.00	25,000,000.00
		<u>\$50,000,000.00</u>	<u>\$50,000,000.00</u>
Bonded debt of constituent companies—			
Locomotive and Machine Company of Montreal, Ltd., due March 1, 1924		\$1,500,000.00	\$1,500,000.00
Richmond Locomotive and Machine Works, due April 1, 1929		432,000.00	432,000.00
Total Bonded debt		<u>\$1,932,000.00</u>	<u>\$1,932,000.00</u>
Current liabilities—			
Accounts payable		\$6,163,573.59	\$676,949.48
Unclaimed interest and dividends		3,606.75	4,539.25
Reserve for United States and Canadian income and profits taxes		857,533.80	1,244,939.51
Sundry accrued expenses		234,347.66	88,521.26
Miscellaneous reserves		607,384.30	674,980.06
Total Current liabilities		<u>\$7,866,446.10</u>	<u>\$2,689,929.56</u>
Reserves for contingencies including accident indemnity and other items		3,020,750.84	3,074,819.39
Reserve for additions and betterments		1,612,686.40	2,445,502.87
Surplus—			
Balance December 31, 1921			\$25,488,155.98
Add—Available profit 12 months ended December 31, 1922		1,100,478.81	
		<u>\$26,588,634.79</u>	
Deduct dividends—On preferred stock \$1,750,000.00			
On common stock 1,500,000.00		<u>3,250,000.00</u>	
			<u>\$25,488,155.98</u>
		<u>\$87,770,518.13</u>	<u>\$85,630,407.80</u>

Certificate of Accountants

New York, February 8, 1923.

*To the Stockholders of the
American Locomotive Company:*

We have examined the books of the American Locomotive Company and its subsidiary companies, the Montreal Locomotive Works, Limited, and the American Locomotive Sales Corporation, for the year ending December 31, 1922, and find that the accompanying consolidated balance sheet at that date and the relative income account are correctly prepared therefrom.

The charges during the period to property account and to reserve for additions and betterments represent only actual additions and sufficient provision has been made for accruing renewals and depreciation.

The valuations of the stocks on hand, as shown by inventory certified to by responsible officials, have been valued at not exceeding cost or market price, if the latter was lower, and due allowance has been made for old or inactive stocks. Full provision has been made for bad and doubtful accounts and bills receivable and for all ascertainable liabilities. We have verified the cash and securities by actual inspection or by certificates from the depositaries, and

WE CERTIFY that in our opinion the consolidated balance sheet is properly drawn up so as to show the true financial position of the American Locomotive Company and its subsidiary companies as at December 31, 1922, and that the relative income account is a fair and correct statement of the net earnings for the year ending on that date.

PRICE, WATERHOUSE & COMPANY.

Capitalization

Capital stock authorized and outstanding

Preferred:	250,000 shares @ \$100 each	. \$25,000,000
Common:	250,000 shares @ \$100 each	. 25,000,000
Total, par value		. \$50,000,000

Bonded debt

The American Locomotive Company has no funded debt and, under the terms of its certificate of incorporation, is prohibited from mortgaging its property, except by purchase money mortgage, without either the written assent or the affirmative vote in person or by proxy, at a meeting duly called, of the holders of two-thirds of its preferred stock then issued and outstanding.

All of the property controlled by this Company is unincumbered, except in the two following instances:

On the Richmond Works:

Richmond Locomotive and Machine Works, Consolidated mortgage gold bonds. Issued April 1, 1889; will mature April 1, 1929. Interest six per cent., payable April 1, and October 1, at 30 Church Street, New York. These bonds contain no tax free covenant \$432,000

On the Montreal Works:

Locomotive and Machine Company of Montreal, Limited, first mortgage four per cent. gold bonds. Issued March 31, 1904; will mature March 1, 1924. Interest payable March 1, and September 1, at the Royal Trust Company, Montreal, Canada. These bonds contain no tax free covenant \$1,500,000

THE JOHN C. POWERS COMPANY, INC.
65-67 Duane Street, New York

